TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 1755 - HB 1757

March 8, 2018

SUMMARY OF BILL: Redefines the "surplus property" owned by a local education agency (LEA) to include real property. Requires a county LEA to declare surplus and transfer all real and personal property it owns within the boundaries of the municipality that is creating or reactivating a municipal LEA to the municipal school system. Requires the board for any LEA to determine the method of advertisement for surplus property sales, which may include a newspaper of general circulation or website maintained by the LEA or local government.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures – Exceeds $1,100/Permissive

Other Fiscal Impact – To the extent a city creates a new local education agency (LEA), or re-activates an inactive LEA, there will be a permissive shift in local government expenditures between the county LEA and the municipal LEA for operations related to the property transferred. The extent and timing of any expenditure shifts cannot be reasonably determined due to unknown factors; however, any net impact to local government is considered to be not significant.

Assumptions:

- No impact on state government operations; therefore, any state fiscal impact is estimated to be not significant.
- Removing the requirement to advertise in a newspaper will result in a permissive recurring decrease in local expenditures for LEAs that choose not to advertise in a newspaper.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification to be $113.48.
- At least 10 annual newspaper advertisements will no longer be needed statewide. As a result, the permissive recurring decrease in local expenditures is estimated to exceed $1,135 ($113.48 x 10 advertisements).
- Under the legislation, a municipality that reactivates its LEA, or creates an LEA, would have all real and personal county LEA owned property transferred to it related to schools which the municipal LEA will be operating.

- Due to the shift in property and operations, a county LEA would see a decrease in expenditures related to operational costs replaced by an increase in expenditures to the municipal LEA for operational costs.
- The extent and timing of any permissive shifts in local government expenditures cannot be determined due to several unknown factors such as the number of municipal school districts which will reactivate LEAs; the number of newly-created municipal school districts; and the extent and value of real and personal property which will be transferred between LEAs. Any net impact to local government is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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